



Driving Growth and Marketing Insights for a Software Startup

The Company Clubhouse

Founded in 2014, Clubhouse offers a project management tool for software engineering teams. The New York-based startup has raised \$4 million in seed investment. The 11-person firm serves hundreds of companies, including BarkBox, Geckboard, and MakeSpace.

The Problem Feeling in the Dark and Not Growing Fast Enough

In January 2017, nine months after Clubhouse officially launched its product, revenue was growing by a respectable 10 percent each month. But as a startup running on venture capital, the company needed to grow faster in order to become cashflow-positive and emerge as a sustainable business. Monthly revenue growth had already slowed from a peak of 25 percent, and it was nowhere near the company's potential. "Our market is every software engineering team in the world. There was no reason we shouldn't be growing faster," said Kurt Schrader, Clubhouse's Co-founder and CEO.

Clubhouse had primarily been attracting customers through word of mouth and ad-hoc marketing efforts, including blog posts and Google AdWords. "It wasn't a focused or thoughtful strategy," Schrader said. "We were reaching a point where a more focused set of marketing initiatives needed to start happening. You can build the best product in the world, but if nobody knows about it, it doesn't matter."

"There was no reason we shouldn't be growing faster."

Greg Kogan

The company's leaders were also in the dark about which marketing efforts were actually working. That meant they could be wasting money on fruitless avenues or ignoring lucrative options. "We needed to do a better job of figuring out how and why people were signing up for free trials and upgrading to paid plans," Schrader said.

The Solution

Access to New Ideas, Broad Skills, and Smarter Execution

An investor introduced Schrader to Greg Kogan, a customer acquisition consultant specializing in software companies. The flexibility of working with a consultant made financial sense for a venture-funded startup, and Schrader was impressed by the breadth of Kogan's skills. "It's unusual to find someone who can build the infrastructure to track input from different channels and also knows enough to seed those channels and run experiments within them to drive traffic," Schrader said. "Having that breadth of ability... I haven't seen many other people who could do that, if anyone."

Besides the rare skillset that "would have been really hard to find" in a full-time employee, engaging with Kogan as a consultant made sense to Schrader because it provided financial flexibility, immediate access to experience and insights, and a shorter path to growth. "He's done this with so many different companies that he knows what works and what doesn't," Schrader said.

Kogan's first step was to evaluate Clubhouse's use of Google AdWords. He found that the company was losing money on several irrelevant or misconfigured search terms and immediately eliminated those. He then ran experiments using various messaging and targeting strategies to discover which ads were most effective. Compared to the previous strategy, which Schrader described as "winging it," the rates of sign-ups driven by Google AdWords went up 44 percent within four months.

To discover the messages that were hitting home for potential customers, Kogan conducted a usability study with prospective users. He realized that many people had concerns about switching costs and wondered how Clubhouse's tool compared to other project management software. That insight was backed up by Kogan's discovery that a long-forgotten page comparing Clubhouse to Trello, a competitor, was drawing substantial pageviews. Kogan built out a dozen other pages comparing Clubhouse to various tools, which began driving significant search traffic and signups.

Results at a Glance

+60%

ARR

+60%

Growth Rate

+180%

Active Users

+100%

New Trials Per Month

+74%

Trial Signup Rate

Greg Kogan

“We have a better understanding of how to bring the right people to our site.”

Kogan also introduced brand new marketing channels, such as Quora. Answers posted on Quora about project management now bring in more than 15 percent of new signups each month. “I had never thought of it as a marketing channel, but now we get a lot of traffic and clients from there,” Schrader said.

Kogan worked with Clubhouse’s developers to build analytics infrastructure and a dashboard that allows the company to monitor which marketing channels bring a return on investment. “It’s given us significantly more visibility into where customers are coming from and what we should put time and effort into,” Schrader said. “We have a better understanding of how to bring the right people to our site and eventually have them end up as customers.” For example, the dashboard revealed that paid search advertising—despite driving many signups—had a much lower conversion rate to paying users than other channels. “That’s been eye-opening... Especially for a channel that’s our most expensive,” Schrader said.

The Results

Across-the-Board Growth and Insights

Kogan’s work paid off when it came to Clubhouse’s bottom line. In the four months Kogan spent consulting the company, its total active users increased by more than 180 percent. The number of monthly users signing up for free trials doubled, while the number of paid plans went up by 60 percent. Annual recurring revenue increased by nearly 60 percent.

Monthly revenue growth is up as well, to 16 percent. “Our growth has stabilized and increased significantly, which Greg had a big hand in,” Schrader said. “He gave us strategies for how to grow and more insight and visibility into how we’re actually growing month by month. And ultimately, growth is the fuel for everything in a business.”